



# Houston Gateway Academy Charter Schools, Inc. Elite College Prep Academy

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To Whom It May Concern:

Proceeding	Docket 02-6   In the Matter of Schools and Libraries Universal Service Support Mechanism			
Type of Filing	Appeal of USAC decision in regards to Funding Year 2012 Notification of Improperly Disbursed Funds and Demand Payment Letter			
Name of Filer	Houston Gateway Academy, Inc.			
Filer Address	7310 Bowie Street, Houston, TX 77012			
Entity BEN	16046630			
471 Application #	848598			
FRN #'s	23005961	2372764	2372778	2372789
Primary Contact	Shaun Garibaldi			
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## Appeal Explanation:

Houston Gateway Academy appeals USAC's decision that the funds associated with the above-reference FRNs were disbursed in violation of SLP rules. During USAC's Payment Quality Assurance (PQA) review, it was determined the equipment acquired has not been utilized in accordance with program rules and is seeking recovery of all funds it deems improperly disbursed.

In their denial, USAC provides two key points:

First, USAC "...determined the equipment for which [Houston Gateway Academy] requested discounts has not been utilized in accordance with program rules. FCC rules require that applicants have secured all the necessary resources to make effective use of the equipment and that the equipment utilized for an education purpose."

Secondly, "Houston Gateway Academy...had not started construction on the new school nor did they have a contract in place to begin construction.

In response to these Houston Gateway Academy contends it has and remains in compliance of USAC SLP rules due to the following points:

- I. Houston Gateway Academy has fully followed USAC's procedures:
  - a. Initially, during USAC's fund request submittal (BEAR/SPI) process, USAC did/does not have a pre-requisite for a construction contract, nor did/does have a tangible timeframe for said equipment to be fully installed and utilized.
  - b. Houston Gateway Academy requested and only certified funding for delivery of equipment **ONLY**. No installation funding was requested. At this stage, the only contract that was requested and provided to USAC was between Houston Gateway Academy and the service provider (Genesis Telecom). This contract has been extended via USAC's FCC Form 500, and remains valid with an expiration of September 30, 2016.



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- c. Equipment obtained was/is fully intended to be installed and utilized for education purposes of a new construction campus (Riverstone).
- d. Equipment has been stored by Houston Gateway Academy, as USAC PQA's personnel can validate through their full inventory audit, during a Site Visit on 4/29/2015.
- II. The 471 Application and its FRNs are still valid and their deadlines have not expired.
  - a. Houston Gateway Academy has timely filed and has been awarded extension for Contract Expiration Date via FCC Form 500. Currently the Contract Expiration date is 9/30/2016.
  - b. Houston Gateway Academy has an executed contract with a General Contractor in place for the construction of the Riverstone Campus.
  - c. Also, Houston Gateway Academy has timely filed and has been awarded extension for Service Installation via FCC Form 500. Currently the Service Installation deadline is 9/30/2016.

Houston Gateway Academy has shown it fully intends to complete the Riverstone Campus project and to date has spent over \$2.5 million. Also, it has acquired and provided USAC with the necessary financial commitments needed to see to the completion of this project. There have been setbacks and delays, but Houston Gateway Academy has stayed compliant of USAC SLP Rules. Most importantly, the 471 and its FRNs remain within USAC's eligibility deadline. Again, deadlines for the installation of equipment have not expired.

In conclusion, Houston Gateway Academy argues, USAC has made an error by approving and extending deadlines for installation of equipment, while, subsequently demanding repayment of funds before the deadlines expire. Therefore, Houston Gateway Academy requests the FCC to overturn USAC's findings for Improperly Disbursed Funds and its Demand Payment.

If you have any questions or comments, please contact:

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